

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7236

BILL NUMBER: HB 1901

DATE PREPARED: Jan 21, 1999

BILL AMENDED:

SUBJECT: Federal Block Grant Money for Education.

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FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill annually appropriates from the federal welfare block grant program, Temporary Assistance to Needy Families (TANF), an amount sufficient to pay 50% of the costs to township trustees of a program that provides adult education or Ivy Tech classes to poor relief recipients. A township that receives funds from the State for the education programs must reduce the township tax levy for the following year by a percentage that will reduce the total proceeds of the tax levy by an amount equal to the amount received from the State for the education programs.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill annually appropriates from the TANF block grant program an amount sufficient to pay 50% of the costs to township trustees of a program that provides adult education or Ivy Tech classes to poor relief recipients. The amount that townships pay to poor relief recipients who attend adult education courses or courses at Ivy Tech State College is not available at this time. However, the State expects to receive annually \$206.7 million in TANF monies for FY 1999 and FY 2000.

A township that receives funds from the state for the specified education programs must reduce the township tax levy for the following year by a percentage that will reduce the total proceeds of the tax levy by an amount equal to the amount received from the state for the education programs. A reduction in the township's tax levy will result in a reduction in state property tax relief, which is equal to 20% of the operating levy, and a reduction in the state homestead credit, which will be equal to 10% of the portion of the levy paid by homeowners in 2000 and 2001 and 4% in 2002 and thereafter.

Indiana receives approximately \$206.7 million from the TANF block grant on an annual basis. TANF funds are currently being used for purposes such as the following: cash grants to TANF recipients, expenditures in the IMPACT program, child care assistance, welfare reform automation efforts, Indiana Client Eligibility System expenses, Electronic Benefit Transfer system expenses, as well as for other purposes. In addition to

anticipated FY 1999 expenditures from the block grant and as part of the \$206.7 million, approximately \$20 Million is anticipated to be kept in reserve on account in the Federal treasury. These reserve funds are not earmarked for expenditure at this time.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The township would receive 50% of expenses incurred for costs associated with poor relief recipients who attend certain adult education courses or courses at Ivy Tech State College. The money would come from the federal welfare block grant program. A township that receives funds from the state for the specified education programs must reduce the township tax levy for the following year by a percentage that will reduce the total proceeds of the tax levy by an amount equal to the amount received from the state for the education programs. Total township revenues would remain unchanged.

The specific impact of this provision is indeterminable at this time.

State Agencies Affected: State Tax Board.

Local Agencies Affected: Townships.

Information Sources: Family and Social Services Administration.